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and Finance Committee

ADOPTION OF THE REPORT OF THE BUDGETARY AND FINANCE COMMITTEE TO THE GOVERNING COUNCIL

Draft report of the Budgetary and Finance Committee

Rapporteur: Ms. Heather DOWSETT (New Zealand)

CHAPTER III. Financial, budgetary and administrative matters

A. Annual review of the financial situation, 1991

ANNEX

The Governing Council,

1. Takes note of the report of the Administrator on the annual review of the financial situation (DP/1992/38 and Add.1 and DP/1992/38/Add.1/Annex) and the observations and comments made by its members thereon;

2. Also takes note of its decision 92/.. on the fourth and fifth programming cycles;

3. Notes with concern the impact of fluctuations in exchange rate parities on the dollar value of contributions in 1991 and on the level of resources anticipated by the Administrator in 1992 and 1993;

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4. Also notes with concern that the real growth in contributions has not reached the level projected in decision 90/34 of 23 June 1990;

5. Further notes the reduction in the Administrator's expenditure targets resulting from the level of resources presently anticipated;

6. Approves the format of the ex-post facto report on support costs presented in document DP/1992/38 and requests the Administrator to submit such a report to the Council on a biennial basis, starting in 1994;

7. Approves the changes to the Financial Regulations proposed in section VI of document DP/1992/38, as amended and contained in the annex to the present decision;

8. Defers consideration of the request for additional support costs reimbursement from the World Meteorological Organization;

9. Urges member organizations of the Joint Consultative Group on Policy to pursue vigorously the possibility of using common premises.

Annex

CHANGES TO THE FINANCIAL REGULATIONS

1. Regulation 14.4: The Administrator may, after full investigation, authorize the writing-off of losses of cash, stores and other assets provided that a statement of all such amounts written off shall be submitted to the Board of Auditors with the accounts. The Administrator may establish, from time to time, an amount below which full investigation and formal write-off are not required. Such amounts shall, for administrative efficiency, be charged directly to the relevant allotment/budget line.

2. Rule 114.15 (c). The amount authorized for waiver of investigation and write-off in accordance with Financial Regulation 14.4 is $30.00.

3. Financial Regulation 14.1 (d)

(d) Maintain an internal financial control which shall provide for an effective current examination and review of financial, management and operational activities, in order to ensure:

(i) The regularity of the receipt, custody and disposal of all (funds and other) financial resources of UNDP, funds administered by UNDP and non-UNDP funds managed by UNDP;

(ii) The conformity of expenditures and commitments with the allocations, appropriations or other financial provisions decided upon by the Governing Council or with agreements with other United Nations organizations and other entities;

(iii) The effective and efficient management of UNDP and the effective, efficient and economic use of resources of UNDP, funds administered by UNDP and non-UNDP funds administered by UNDP.

4. Financial Rule 114.38 - Internal Audit

The Division for Audit and Management Review shall be responsible for the internal audit of UNDP and shall have free access to all books, records and other documents which are, in its opinion, necessary for the performance of the audit. Its reviews will be conducted in accordance with generally accepted auditing standards, shall provide comments and recommendations to the Administrator on financial, management and operational activities, in respect of:

(a) The regularity of the receipt, custody, expenditure, accounting and reporting of all financial resources of UNDP, funds administered by UNDP and non-UNDP funds administered by UNDP, and the effectiveness of (existing) internal controls and accounting systems;

(b) The conformity of expenditures with the purposes for which funds were appropriated or otherwise provided by the Governing Council and the financial authorizations issued thereunder, or with the purposes and rules relating to other funds administered by UNDP or with agreements with other United Nations organizations and other entities;

(c) The compliance of all financial activities and transactions with established regulations, rules, policies, procedures and administrative instructions;

(d) The effective and efficient management of UNDP and the effective, efficient and economic use of UNDP resources, funds administered by UNDP and non-UNDP funds administered by UNDP.

5. It is also proposed that the following definition be consequently introduced into Regulation 2.2.

"Non-UNDP funds administered by UNDP" shall include non-UNDP funds entrusted to UNDP for administration and management, such as those under Management Service Agreements (bilateral, development banks, etc.), and agreements with United Nations system organizations and other entities.

6. Regulation 17.2:

The Administrator shall ensure that Governments which are executing agencies, and other parties selected for project implementation under Regulation 8.10 (e), shall require their auditors to follow, to the extent feasible, the audit principles and procedures prescribed for the United Nations with respect to funds obtained from or through UNDP and shall ensure that each project is audited at least once in its lifetime and shall submit audit reports together with the reports specified in the project document and under article XV of these regulations.

7. Rule ...:

The Administrator shall establish, from time to time, criteria determining nationally executed projects which are to be audited biennially. Such criteria shall be made available to the Board of Auditors.